

ANTON HANDAL (Bar No. 113812)  
anh@handal-law.com  
PAMELA C. CHALK (Bar No. 216411)  
pchalk@handal-law.com  
GABRIEL HEDRICK (Bar No. 220649)  
ghedrick@handal-law.com  
HANDAL & ASSOCIATES  
1200 Third Avenue, Suite 1321  
San Diego, California 92101  
Tel: 619.544.6400  
Fax: 619.696.0323

Attorneys for Plaintiff and Counter-Defendant  
e.Digital Corporation

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF CALIFORNIA**

e.Digital Corporation,  
Plaintiff,

v.

Research In Motion Limited dba  
BlackBerry; Research In Motion  
Corporation dba BlackBerry,

Defendants.

Research In Motion Limited dba  
BlackBerry; Research In Motion  
Corporation dba BlackBerry,

Counterclaimants,

v.

e.Digital Corporation,

Counter-Defendant.

Case No. 3:13-cv-00781-DMS-WVG

**REDACTED**

**OPPOSITION OF PLAINTIFF  
E.DIGITAL TO MOTION TO  
DISMISS UNDER FED. R. CIV. P.  
12(c)**

Date: August 2, 2013

Time: 1:30 P.M.

Judge: Hon. Judge Dana M. Sabraw

Ctrm: 13A (Annex)

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1 **I. INTRODUCTION**

2 On or about April 1, 2013, Plaintiff e.Digital Corporation (“Plaintiff” or  
3 “e.Digital”) filed this lawsuit asserting claims of patent infringement against  
4 Defendants Research In Motion Limited dba BlackBerry and Research In Motion  
5 Corporation dba BlackBerry (hereafter collectively referred to as “RIM,”  
6 “BlackBerry,” or Defendants”) with respect to e.Digital’s U.S. Patent Nos.  
7 5,491,774 (“the ’774 patent”), U.S. Patent Number 5,839,170 (“the ’170 patent”),  
8 U.S. Patent No. 5,742,737 (“the ’737 patent”), and U.S. Patent Number 5,839,108  
9 (“the ’108 patent”). These patents are collectively referred to hereafter as the  
10 “Patents-In-Suit.” e.Digital asserts that Defendants directly infringe, contributorily  
11 infringe, and/or induce infringement of the Patents-in-Suit by making, using,  
12 offering to sell, and/or selling RIM tablets and smart phones embodying certain  
13 claims of the Patents-in-Suit, including the representative BlackBerry Z10 smart  
14 phone (the “Accused Products”).

15 In its erroneously-named “Motion to Dismiss Under Fed. R. Civ. P. 12(c)”<sup>1</sup>  
16 (the “Motion”), RIM argues (1) that since RIM [REDACTED]  
17 [REDACTED] – e.Digital  
18 “no longer has any rights to the Asserted Patents under the Doctrine of Patent  
19 Exhaustion” and [REDACTED]  
20 [REDACTED]; (2) that e.Digital fails to state a claim for direct infringement because  
21 the representative BlackBerry Z10 is allegedly not shipped for sale with removable  
22 SD cards; (3) that e.Digital fails to state a claim for indirect infringement; and (4)  
23 that e.Digital fails to state a claim for willful infringement.

24 \_\_\_\_\_  
25 <sup>1</sup>Rule 12(c) provides, “After the pleadings are closed—but early enough not to  
26 delay trial—a party may move for judgment on the pleadings.”

27 <sup>2</sup> In order to conserve resources and to avoid burdening the court with duplicative  
28 exhibits, e.Digital will refer to defendant RIM’s exhibits whenever possible rather

As will be shown below, RIM's motion is entirely without merit. RIM misrepresents [REDACTED] and displays a fundamental misunderstanding of the scope of the patent exhaustion doctrine. RIM also improperly attempts to rely on evidence outside the scope of the pleadings with respect to how it ships the Accused Products. With respect to e.Digital's indirect infringement claims, despite citing extensively to e.Digital's preliminary infringement contentions ("PICs") in its arguments on direct infringement, RIM completely ignores the PICs' indirect infringement allegations. More importantly, e.Digital's allegations of indirect infringement are sufficient. Finally, RIM inexplicably seeks judgment on the pleadings with respect to the Complaint's allegation of willful infringement claims despite the fact that the PICs expressly withdrew any claims of willful infringement and despite this Court's express order that any Rule 12(c) motion on the issue of willful infringement be held in abeyance until after entry of a claim construction order. Accordingly, for all of the reasons stated below, the Motion must be denied.

## **II. BACKGROUND**

### **A. U.S. PATENT NO. 5,491,774 ("the '774 patent")**

The '774 patent, entitled "Handheld Record and Playback Device with Flash Memory," issued on February 13, 1996. (Exhibit A to Declaration of Gabriel G. Hedrick ("Hedrick Decl.")). The '774 patent generally describes a device allowing for extended recording of sound to, and playing of sound back from, a removable, interchangeable flash recording medium, which acts as the "sole memory of the received processed sound electrical signals." (*Id.*) The dependent claims further describe, among other things, a device containing certain components capable of reducing or otherwise disabling power to certain components of the device to minimize power consumption. (*Id.*) Pursuant to the Court's Order After Case Management Conference (Dkt# 23) (hereinafter, the "CMO"), ¶ 7, e.Digital has

1 limited the asserted claims to independent claim 33 and dependent claims 2, 10,  
2 15, and 23. (e.Digital PICs, RIM Exhibit 2, at p. 2.)<sup>2</sup>

3 **B. U.S. PATENT NO. 5,742,737 (“the ’737 patent”)**

4 The ’737 patent, entitled “Method for Recording Voice Messages on Flash  
5 Memory in a Hand Held Recorder,” issued on April 21, 1998. (Exhibit B to  
6 Hedrick Decl.) The ’737 patent generally describes (a) a device and method for  
7 storing messages on a flash memory digital recording medium utilizing a switch  
8 assembly to activate a search of the flash memory for the end of a prerecorded  
9 message and recording a new message on a segment of flash memory past the end  
10 of that message, and further allowing for playback of the new recorded message  
11 without requiring manual input from a user other than activating a multifunctional  
12 switch means (independent claims 1 and 4); (b) a device and method for testing the  
13 integrity of memory on a removable flash memory recording medium (independent  
14 claims 9 and 13); and (c) a device that allows for indexing a message to be stored  
15 on a flash memory digital recording medium (independent claim 11). (*Id.*)  
16 Pursuant to the CMO, ¶ 7, e.Digital has limited the asserted claims to independent  
17 claims 1, 4, 9 and 13 and dependent claim 6. (e.Digital PICs, RIM Exhibit 2, at p.  
18 2.)

19 **C. U.S. PATENT NO. 5,839,170 (“the ’170 patent”)**

20 The ’170 patent, entitled “Method For Editing In Hand Held Recorder,”  
21 issued on November 24, 1998. (Exhibit C to Hedrick Decl.) The ’170 patent  
22 generally describes a system and method for editing messages in a handheld  
23 recorder having flash memory. (*Id.*) Pursuant to the CMO, ¶ 7, e.Digital has  
24 limited the asserted claims to independent claims 1 and 7. (e.Digital PICs, RIM  
25 Exhibit 2, at p. 2.)

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26 <sup>2</sup> In order to conserve resources and to avoid burdening the court with duplicative  
27 exhibits, e.Digital will refer to defendant RIM’s exhibits whenever possible rather  
28 than offering the identical exhibit as part of e.Digital’s opposition.

**D. U.S. PATENT NO. 5,839,108 (“the ’108 patent”)**

The U.S. Patent and Trademark Office issued the ’108 patent, entitled “Flash Memory File System In A Handheld Record And Playback Device,” on November 17, 1998. (Exhibit D to Hedrick Decl.) The ’108 patent generally describes, among other things, a record/playback device with removable flash memory and at least two microphones, a second one of which is used to cancel noise received at one or more separate microphones. (*Id.*) Pursuant to the CMO, ¶ 7, e.Digital has limited the asserted claims to independent claim 2 and dependent claim 3. (e.Digital PICs, RIM Exhibit 2, at p. 2:23-8:14.)

**E. THE ACCUSED PRODUCTS**

The accused products at issue are certain RIM tablets and mobile phone products. (e.Digital PICs, RIM Exhibit 2, at pp. 1.) Pursuant to the CMO, ¶ 7, e.Digital has selected the BlackBerry Z10 smart phone as a representative product for purposes of this initial set of preliminary infringement contentions. (e.Digital PICs, RIM Exhibit 3, at p. 1, RIM Exhibit 4 at p. 1, RIM Exhibit 5 at p. 1, and RIM Exhibit 6 at p. 1.)

**III. LEGAL STANDARD**

**A. MOTION FOR JUDGMENT ON THE PLEADINGS**

“After the pleadings are closed, but within such time as not to delay the trial, any party may move for judgment on the pleadings.” Fed.R.Civ.P. 12(c). A motion for judgment on the pleadings attacks the legal sufficiency of the claims alleged in the complaint. This Court must construe “all material allegations of the non-moving party as contained in the pleadings as true, and [construe] the pleadings in the light most favorable to the [non-moving] party.” *Doyle v. Raley's Inc.*, 158 F.3d 1012, 1014 (9<sup>th</sup> Cir. 1998). “Judgment on the pleadings is proper when the moving party clearly establishes on the face of the pleadings that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law.” *Hal Roach Studios, Inc. v. Richard Feiner & Co., Inc.*, 896 F.2d

1 1542, 1550 (9<sup>th</sup> Cir.1989). “Analysis under Rule 12(c) is ‘substantially identical’  
 2 to analysis under Rule 12(b)(6) because, under both rules, ‘a court must determine  
 3 whether the facts alleged in the complaint, taken as true, entitle the plaintiff to a  
 4 legal remedy.’ *Chavez v. U.S.*, 683 F.3d 1102, 1108 (9<sup>th</sup> Cir. 2012); *see also*  
 5 *Dworkin v. Hustler Magazine, Inc.*, 867 F.2d 1188, 1192 (9<sup>th</sup> Cir. 1989);  
 6 *Technology Licensing Corp. v. Technicolor USA, Inc.*, 2010 WL 4070208 at \*1  
 7 (E.D.Cal. 2011). A defendant is not entitled to judgment on the pleadings if the  
 8 complaint raises issues of fact, which, if proved, would support recovery. *General*  
 9 *Conference Corp. of Seventh–Day Adventists v. Seventh–Day Adventist*  
 10 *Congregational Church*, 887 F.2d 228, 230 (9<sup>th</sup> Cir. 1989). As with Rule 12(b)(6)  
 11 motions, it is immaterial whether the court believes plaintiff will succeed at trial.  
 12 *Wager v. Pro*, 575 F.2d 882, 884 (D.C. Cir. 1976).

13 “Judgment on the pleadings is improper when the district court goes beyond  
 14 the pleadings to resolve an issue.” *Hal Roach Studios, Inc., supra*, 896 F.2d at  
 15 1550. However, this Court has expanded the categories of documents that may be  
 16 considered on a Rule 12(c) motion by allowing Defendants to base their motion on  
 17 Plaintiff’s PICs. (CMO (Dkt# 23) at ¶ 5.) Preliminary infringement contentions  
 18 “must contain ‘sufficient specificity to provide defendants with notice of  
 19 infringement beyond that which is provided by the mere language of the patents  
 20 themselves,’ but need not be so detailed as to transform the PICs into a ‘forum for  
 21 litigation of the substantive issues.’” *Ameranth v. Papa John’s USA, Inc.*, --  
 22 F.Supp.2d --, 2013 WL 2285171 at \*6 (S.D.Cal. Mar. 26, 2013), *quoting Network*  
 23 *Caching Tech., LLC v. Novell, Inc.*, No. C-01-2079, 2003 U.S. Dist. LEXIS 9881  
 24 at \*13 (N.D.Cal. Mar. 21, 2003); *see also DCG Systems v. Checkpoint Tech.*, 2012  
 25 WL 13009161 (N.D.Cal. Apr. 16, 2012) (“These rules do not, as is sometimes  
 26 misunderstood, ‘require the disclosure of specific evidence nor do they require a  
 27 plaintiff to prove its infringement case.’”)

28 ///

1           **B.     PATENT EXHAUSTION**

2           Under 35 U.S.C. § 271, a defendant can only be liable for infringement if the  
3 allegedly infringing acts are carried out “without authority.” 35 U.S.C. §§ 271(a),  
4 (f), (g). “The longstanding doctrine of patent exhaustion provides that the initial  
5 authorized sale of a patented item terminates all patent rights to that item.” *Quanta*  
6 *Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 625 (2008). “The exhaustion  
7 doctrine prohibits patent holders from selling a patented article and then ‘invoking  
8 patent law to control postsale use of the article.’” *Excelstor Tech., Inc. v. Papst*  
9 *Licensing GmbH & Co. KG*, 541 F.3d 1373, 1376 (Fed. Cir. 2008). “The  
10 authorized sale of an article ***that substantially embodies*** a patent exhausts the  
11 patent holder’s rights and prevents the patent holder from invoking patent law to  
12 control postsale use of the article.” (Emphasis added.) *Quanta, supra*, 553 U.S. at  
13 638.

14           Thus, to establish patent exhaustion based on the sale of a component that is  
15 not the patented invention, the Court in *Quanta* requires ***factual evidence*** showing  
16 that the component substantially embodies the asserted patent claims. *See, e.g., id.*  
17 at 633-634. That factual evidence includes a showing that the component as used  
18 in the accused product requires nothing more than “application of common  
19 processes or the addition of standard parts” to practice the asserted claims. *Id.* at  
20 633. Other factual evidence may include a showing that the accused infringer  
21 “was not required to make any creative or inventive decision when it added” the  
22 component to the accused product. *Id.* at 634.

23           In addition, “[t]he patentee’s authorization of an international first sale does  
24 not affect exhaustion of that patentee’s rights in the United States... [F]oreign sales  
25 can never occur under a United States patent because the United States patent  
26 system does not provide for extraterritorial effect... [F]irst sales under the  
27 exhaustion doctrine [are limited] to those occurring within the United States.” *Fuji*  
28 *Photo Film Co., Ltd. v. Jazz Photo Corp.*, 394 F.3d 1368, 1376 (Fed. Cir. 2005).

1 *See also, Ninestar Tech. Co. v. ITC*, 667 F.3d 1373 (Fed.Cir.2012). The Federal  
 2 Circuit in *Jazz Photo* further held that “United States patent rights are not  
 3 exhausted by products of foreign provenance. To invoke the protection of the first  
 4 sale doctrine, the authorized first sale must have occurred under the United States  
 5 patent.” *Jazz Photo, supra*, 264 F.3d at 1105.

## 6 **C. PATENT INFRINGEMENT**

### 7 **1. Direct Infringement**

8 A plaintiff can establish infringement of the asserted patents either literally  
 9 or under the doctrine of equivalents.

#### 10 **a. Literal Infringement**

11 To prove literal infringement, the patentee must establish that the accused  
 12 device contains each limitation of the asserted claim, which is referred to as the  
 13 “all elements rule.” *Frank’s Casing Crew & Rental Tools, Inc. v. Weatherford*  
 14 *Int’l, Inc.*, 389 F.3d 1370, 1378 (Fed. Cir. 2004). An accused product that  
 15 sometimes embodies a claimed device, but not always, nevertheless infringes. *Bell*  
 16 *Comm’n’s Research, Inc. v. Vitalink Comm’n’s Corp.*, 55 F.3d 615, 622-23 (Fed.  
 17 Cir. 1995).

18 Testing of an accused device in an allegedly infringing manner constitutes  
 19 direct infringement. *See, e.g., Linear Tech. Corp. v. Int’l Trade Comm’n*, 566 F.3d  
 20 1049, 1062 (Fed. Cir. 2009) (holding that testimony that a respondent tested its  
 21 accused products was substantial evidence that supported the International Trade  
 22 Commission’s finding that the respondent directly infringed an asserted method  
 23 claim).

#### 24 **b. Infringement Under the Doctrine of Equivalents**

25 “Infringement under the doctrine of equivalents may be found when the  
 26 accused device contains an ‘insubstantial’ change from the claimed invention.  
 27 Whether equivalency exists may be determined based on the ‘insubstantial  
 28 differences’ test or based on the ‘triple identity’ test....” *TIP Sys., LLC v. Phillips*

1 & *Brooks/Gladwin, Inc.*, 529 F.3d 1364, 1376-77 (Fed. Cir. 2008) (citations  
 2 omitted). “An element in the accused product is equivalent to a claim limitation if  
 3 the differences between the two are ‘insubstantial’ to one of ordinary skill in the  
 4 art.” *Wavetronix LLC v. EIS Elec. Integrated Sys.*, 573 F.3d 1343, 1360 (Fed. Cir.  
 5 2009) (quoting *Eagle Comtronics, Inc. v. Arrow Commc’n Labs., Inc.*, 305 F.3d  
 6 1303, 1315 (Fed. Cir. 2002)). Under the “triple identity” test, a plaintiff must  
 7 prove “on a limitation-by-limitation basis that the accused product performs  
 8 substantially the same function in substantially the same way with substantially the  
 9 same result as each claim limitation of the patented product.” *Id.*

### 10 c. Infringement of a Method Claim

11 “To infringe a method claim, a person must have practiced all steps of the  
 12 claimed method.” *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1317 (Fed.  
 13 Cir. 2009); see *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 775 (Fed. Cir. 1993).  
 14 Furthermore, “[m]ethod claims are only infringed when the claimed process is  
 15 performed, not by the sale of an apparatus that is capable of infringing use.”  
 16 *Ormco Corp. v. Align Tech., Inc.*, 463 F.3d 1299, 1311 (Fed. Cir. 2006); *Standard*  
 17 *Havens Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1374 (Fed. Cir. 1991).

## 18 2. Indirect Infringement

### 19 a. Inducement

20 Under 35 U.S.C. § 271(b), a plaintiff claiming induced infringement must  
 21 prove (1) instances of direct infringement by a third party and (2) that the  
 22 respondent knowingly induced infringement and had specific intent to encourage  
 23 another’s infringement. *ACCO Brands, Inc. v. ABA Locks Mfrs. Co., Ltd.*, 501  
 24 F.3d 1307, 1312 (Fed. Cir. 2007).

25 Induced infringement under § 271(b) requires knowledge that the induced  
 26 acts constitute patent infringement. *Global-Tech Appliances Inc. v. SEB S.A.*, 131  
 27 S.Ct. 2060, 2068 (May 31, 2011). The mere filing of a complaint for patent  
 28 infringement can satisfy this knowledge element. *Pacing Technologies, LLC v.*

1 *Garmin Intern., Inc.*, 2013 WL 444642, \*2 (S.D.Cal. Feb. 5, 2013), *citing EON*  
 2 *Corp. IP Holdings, LLC v. Sensus USA, Inc.*, No. C-12-1011 EMC, 2012 WL  
 3 4514138, at \*1 (N.D.Cal. Oct.1, 2012) (“Though the claims for indirect  
 4 infringement both require knowledge of the patent, the Federal Circuit has recently  
 5 held that post-filing knowledge is sufficient to meet this requirement”), *citing In re*  
 6 *Bill of Lading Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323,  
 7 1345 (Fed. Cir. 2012).

8 Specific intent requires a “showing that the alleged infringer’s actions  
 9 induced infringing acts and that he knew or should have known his actions would  
 10 induce actual infringements.” *DSU Med. Corp. v. JMS Co., Ltd.*, 471 F.3d 1293,  
 11 1304 (Fed. Cir. 2006) (en banc in relevant part). A patentee can establish intent to  
 12 induce infringement through circumstantial evidence. *Broadcom Corp. v.*  
 13 *Qualcomm Inc.*, 543 F.3d 683, 699 (Fed. Cir. 2008).

#### 14 **b. Contributory Infringement**

15 Under 35 U.S.C. § 271(c), a seller of a component of an infringing product  
 16 may be liable for contributory infringement if: (1) there is direct infringement by a  
 17 third party; (2) the contributory infringer knows that the combination for which its  
 18 component was made was both patented and infringing; and (3) there are no  
 19 substantial noninfringing uses for the component part. *Cross Med. Prods., Inc. v.*  
 20 *Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1312 (Fed. Cir. 2005). A plaintiff  
 21 need only establish a minimal scienter requirement—that the accused contributory  
 22 infringer knew that its component was included in a combination that was patented  
 23 and infringing. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S.  
 24 913, 932 (2005); *Spansion, Inc. v. Int’l Trade Comm’n*, 629 F.3d 1331, 1355 (Fed.  
 25 Cir. 2010).

26 ///

27 ///

28 ///

1 **IV. ARGUMENT**

2 **A.** [REDACTED]

3 **DOES NOT INSULATE RIM FROM**  
 4 **LIABILITY<sup>3</sup>**

5 RIM argues that e.Digital's infringement claims are "deficient as a matter of  
 6 law" because [REDACTED]

7 [REDACTED] (RIM Motion at p. 6.)

8 [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED] (Id.) First and  
 11 foremost, the Samsung Agreement is outside the scope of the pleadings. RIM has  
 12 not requested judicial notice of the Samsung Agreement and has not set forth any  
 13 grounds for why the Samsung Agreement should be subject to judicial notice.  
 14 Furthermore, this issue is unrelated to the sufficiency of e.Digital's allegations, but  
 15 apparently relates, instead, to RIM's fifth affirmative defense of "license, patent  
 16 exhaustion." (See RIM Answer (Dkt# 26) at ¶ 60.) It is therefore inappropriate for  
 17 consideration on the present motion.

18 Nevertheless, RIM misrepresents the scope of the Samsung Agreement. The  
 19 portion of the Agreement relied upon by RIM provides: [REDACTED]

20 [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]  
 23 [REDACTED] However, unlike the

24 <sup>3</sup> RIM obtained the redacted agreement from e.Digital after RIM served a subpoena  
 25 on Samsung in violation of this Court's order staying fact discovery until after at  
 26 least the claim construction hearing. (CMO (Dkt# 23) at ¶ 9.) After objecting to  
 27 the subpoena and meeting and conferring with counsel for RIM, e.Digital agreed to  
 28 provide a redacted copy of the Samsung Agreement in hopes of resolving these  
 issues.

1 agreement at issue in *Janssen Pharmaceutica, N.V. v. Apotex, Inc.*, 540 F.3d 1353,  
 2 1363 (Fed. Cir. 2008) relied upon by RIM, [REDACTED]

3 [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED]  
 8 [REDACTED]  
 9 [REDACTED]  
 10 [REDACTED]  
 11 RIM bears the burden of proving its products are licensed. *See, Augustine*  
 12 *Medical, Inc. v. Progressive Dynamics, Inc.*, 194 F.3d 1367, 1370, 52 U.S.P.Q.2d  
 13 1515 (Fed. Cir. 1999). *Met-Coil Systems Corp. v. Korner Unlimited, Inc.*, 803  
 14 F.2d 684, 687, 231 U.S.P.Q. 474 (Fed. Cir. 1986); *In re Katz Interactive Call*  
 15 *Processing Patent Litigation*, 2010 WL 8759119, \*18+ (C.D.Cal. Dec 03, 2010).  
 16 It therefore bears the burden of showing [REDACTED]

17 [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]  
 20 [REDACTED]  
 21 RIM relies solely on the unsupported hearsay declaration of its in-house  
 22 paralegal, who asserts without personal knowledge that [REDACTED]  
 23 [REDACTED]. (RIM  
 24 Exhibit 7 at ¶s 2-3; *see also* e.Digital's Objections to the Declaration of Kent W.  
 25 Serratt, filed herewith.) Even if this inadmissible evidence were considered, the  
 26 fact that [REDACTED]  
 27 [REDACTED]  
 28 [REDACTED]

1 [REDACTED] By  
 2 way of example, independent claims 1 and 9 of the '737 patent require a "handheld  
 3 recording device," a "multifunctional switch assembly," "a record switch  
 4 assembly," "printed circuit board," and a "microcontroller." ('737 patent, Exhibit  
 5 B to Hedrick Decl., claims 1 and 9.) Claims 1 and 7 of the '170 patent likewise  
 6 require a handheld recorder. ('170 patent, Exhibit C to Hedrick Decl., claims 1  
 7 and 7.) Claim 1 further requires "means for selecting an edit point..." "means for  
 8 generating an edited message..." and "means for playing said message  
 9 segments..." (*Id.*) The other patents likewise disclose additional components  
 10 [REDACTED].  
 11 (*See, generally,* '774 patent and '108 patent, Exhibits A and D to Hedrick Decl.)

12 RIM makes no effort to argue, because they cannot, that these other claim  
 13 limitations [REDACTED]

14 [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]  
 17 [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]  
 20 Furthermore, claims 13 and 6 of the '737 patent relate to the testing of  
 21 removable flash memory chips. The claims of the '774 patent and '108 patent  
 22 likewise relate to devices containing removable, interchangeable flash memory.

23 [REDACTED]  
 24 [REDACTED]  
 25 [REDACTED]  
 26 [REDACTED]  
 27 [REDACTED]  
 28 Based on the foregoing, RIM has failed to meet its burden of proving not

1 only the sufficiency of e.Digital's allegations, but also its affirmative defense of  
 2 license. As such, RIM claim that [REDACTED]  
 3 [REDACTED] is without merit and the Motion should be  
 4 denied.

5 **B. RIM IS NOT ENTITLED TO AN AFFIRMATIVE DEFENSE**  
 6 **OF PATENT EXHAUSTION**

7 **1. RIM Has Failed To Show A First Sale Within The United**  
 8 **States Sufficient To Trigger Application Of The Doctrine.**

9 An accused infringer that raises the affirmative defense of patent exhaustion  
 10 bears the burden of proving that defense by a preponderance of the evidence. *See*  
 11 *Jazz Photo Corp. v. United States*, 439 F.3d 1344, 1350 (Fed. Cir. 2006); *see also*  
 12 *Fuji Photo Film Co., Ltd. v. Int'l Trade Comm'n*, 474 F.3d 1281, 1294 (Fed. Cir.  
 13 2007). An "authorized" sale of a patented article that exhausts patent rights only  
 14 occurs when (1) the patentee itself made the sale or (2) a licensee made the sale  
 15 with the patentee's authority. *Fuji Photo Film Co., Ltd. v. Jazz Photo Corp.*, 394  
 16 F.3d 1368, 1376 (Fed. Cir. 2005).

17 To carry its burden, the accused infringer must establish that the patented  
 18 article underwent an exhausting first sale in the United States, which thereafter  
 19 terminates all patent rights to that item. *Jazz Photo Corp. v. United States*, 439  
 20 F.3d at 1350 ("when a patented device has been lawfully sold in the United States,  
 21 subsequent purchasers inherit the same immunity under the doctrine of patent  
 22 exhaustion"). "Foreign sales can never occur under a United States patent because  
 23 the United States patent system does not provide for extraterritorial effect." *Fuji*  
 24 *Photo Film Co., Ltd. v. Jazz Photo Corp.*, *supra*, 394 F.3d at 1376; *see also Jazz*  
 25 *Photo Corp. v. Int'l Trade Comm'n*, 264 F.3d 1094, 1105 (Fed. Cir. 2001) ("To  
 26 invoke the protection of the first sale [patent exhaustion] doctrine, the authorized  
 27 first sale must have occurred under the United States patent.") Thus, "[t]he  
 28 patentee's authorization of an international first sale does not affect exhaustion of

1 that patentee's rights in the United States." *Id.*

2 RIM fails to meet its burden of proving that all of the infringing manufacture  
3 and sales with respect to all of the Accused Products occurred in the United States.

4 RIM is completely silent as to [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]; RIM Answer to

8 Complaint (Dkt# 26) ¶ 6.) Again, all reasonable inferences must be drawn in  
9 e.Digital's favor and all allegations of the Complaint must be taken as true.

10 Because RIM has not established the territoriality requirement of its patent  
11 exhaustion defense, its patent exhaustion argument fails as a matter of law.  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]

15 The Supreme Court addressed the application of patent exhaustion in  
16 *Quanta*. In that case, LG licensed its computer technology patents to Intel,  
17 authorizing Intel to manufacture and sell microprocessors and chipsets under the  
18 patents. In a separate agreement, LG required Intel to provide its customers with a  
19 written notice that the license between LG and Intel did not extend to any product  
20 made by combining an Intel product with a non-Intel product. Quanta purchased  
21 microprocessors and chipsets from Intel and placed them in computers  
22 manufactured with non-Intel parts. LG sued Quanta, asserting that the  
23 combination infringed its patents. *See Quanta*, 553 U.S. at 623-624.

24 The district court found, and the Federal Circuit affirmed, that patent  
25 exhaustion did not apply to method patents and thus that LG could assert its patent  
26 rights against Quanta. *See LG Elec., Inc. v. Bizcom Elec., Inc.*, 453 F.3d 1364,  
27 1370 (Fed. Cir. 2006). The Supreme Court reversed, holding that patent  
28 exhaustion does in fact apply to method patents, including the patents at issue in

1 the case. *Quanta, supra* at 628, 638. In so holding, the Court made clear that  
 2 when a component of a patented system is sold, but is required to be combined  
 3 with additional components after the sale in order to fully practice the patented  
 4 method, the sale of the component **only** triggers patent exhaustion when the  
 5 component “substantially embod[ies]” the patents-in-suit. *Id.* at 621, 633.  
 6 According to the *Quanta* Court, an item “substantially embodies” the patent when  
 7 it covers the “essential, or inventive, feature” of the patent and when the item’s  
 8 only reasonable and intended use is to practice the patent.<sup>4</sup> *Id.* at 632-633.

9 In *Quanta*, LG’s patents were found to be exhausted because “[e]verything  
 10 inventive about each patent [was] embodied in the Intel Products” and “the only  
 11 step necessary to practice the patent [was] the application of common processes or  
 12 the addition of standard parts.” *Id.* at 633. In making this determination, the Court  
 13 relied on its prior reasoning in *Univis*, which found exhaustion in part because the  
 14 item sold “embodie[d] essential features of [the] patented invention” whereas the  
 15 finishing process required to practice the patent was a standard process barely  
 16 mentioned in the patents-in-suit and thus only “incidental to the invention.” *Id.* at  
 17 632-633 (quoting *U.S. v. Univis Lens Co.*, 316 U.S. 241, 250-251 (1942)).

18 Similarly here, to determine whether the Patents-In-Suit have been  
 19 exhausted, the Court must make the factual determination as to [REDACTED]  
 20 [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]  
 23 [REDACTED]  
 24 [REDACTED] RIM points only to portions of  
 25 e.Digital’s PICs that relate to just a single limitation of certain asserted claims.

26 <sup>4</sup> Such a position would seem at odds with RIM’s contention that the relevant  
 27 components of the Accused Products have substantial noninfringing uses. (RIM  
 28 Motion, p. 14:13-16.)

(RIM Motion, pp. 8:17-9:1.) This evidence fails to satisfy RIM's burden. A component that only embodies one limitation of a claim cannot thereby "substantially embody" the claim as a whole.

In any event, these are factual questions that are not suitable for determination with respect to a motion for judgment on the pleadings. Moreover, e.Digital has had no opportunity to conduct discovery on such issues. Entry of judgment in favor of RIM on this affirmative defense would therefore be improper at this stage of the proceedings.

Based on the foregoing, RIM's motion for judgment on the pleadings with respect to its patent exhaustion defense is without merit. e.Digital therefore respectfully requests that the Motion be denied.

**C. WHETHER THE ACCUSED PRODUCTS ARE "SHIPPED" WITH REMOVABLE FLASH MEMORY MEDIUM IS A QUESTION OF FACT THAT CANNOT BE DECIDED ON A MOTION FOR JUDGMENT ON THE PLEADINGS**

RIM argues in its Motion that it allegedly does not "ship" the Z10 phones with removable flash memory. To prove this allegation, it provides only the self-serving, hearsay declaration RIM's in-house Paralegal Kent W. Serratt. (Dkt#39-7, Exhibit 7 to Motion, Decl. Serratt, at ¶ 4; *see also* Objection to Declaration of Kent W. Serratt, filed herewith).

Whether the Z10 is actually shipped with a removable flash memory medium is a pure factual question that cannot be resolved on a motion for judgment on the pleadings. More importantly, as noted above, the Court must accept all allegations asserted in the Complaint as true for purposes of this Motion and all reasonable inferences must be made in e.Digital's favor. The Complaint alleges that RIM "sell[s], ship[s] or otherwise deliver[s] the accused products with all the features required to infringe the asserted claims" of the Patents-In-Suit. (Complaint (Dkt# 1), ¶s 24, 44, 54.) The Court must accept these allegations as

1 true despite RIM's unsupported, conclusory, hearsay declaration to the contrary.  
 2 *See Hal Roach Studios, supra*, 896 F.2d at 1550 (holding that any factual  
 3 allegations by the moving party that have been denied by the non-moving party  
 4 must be deemed false). Accordingly, the Court cannot decide this factual dispute  
 5 at this time and the Motion should be denied.

6 RIM artfully crafts its argument to state that the representative Z10 product  
 7 is not "shipped" with removable flash memory media, but is silent as to whether  
 8 the devices are ultimately sold, tested or otherwise used in the United States with  
 9 the removable flash memory cards that the devices were designed to incorporate.  
 10 RIM is further silent as to whether any of the dozens of other Accused Products are  
 11 shipped, sold, offered for sale, or otherwise used in the United States with  
 12 removable flash memory cards. Thus, even if RIM's inadmissible evidence were  
 13 true, it fails to adequately controvert e.Digital's direct infringement allegations.

14 Based on the foregoing, RIM's motion for judgment on the pleadings as to  
 15 direct infringement of claims requiring removable flash memory media is without  
 16 merit. e.Digital therefore respectfully request that RIM's motion be denied.

#### 17 **D. INDUCEMENT IS SUFFICIENTLY PLED**

18 RIM asserts that e.Digital only conclusorily alleges induced infringement in  
 19 the Complaint. (RIM Motion at p. 10.) On the contrary, as set forth below the  
 20 Complaint sufficiently alleges induced infringement against RIM. Furthermore,  
 21 despite repeatedly citing to e.Digital's PICs in its arguments regarding direct  
 22 infringement, RIM entirely ignores the PICs in its discussion of induced  
 23 infringement. To the extent the Court may find that the allegations of the  
 24 Complaint are insufficient, such defects were cured by the PICs.

#### 25 **1. e.Digital Has Sufficiently Pled The Requisite Direct** 26 **Infringement.**

27 RIM argues that e.Digital has failed to adequately plead direct infringement  
 28 in light of the arguments addressed above. For the reasons described above, RIM

1 is incorrect. As set forth above, RIM's arguments regarding its affirmative  
 2 defenses of license and patent exhaustion are wrong and, in any event, beyond the  
 3 scope of the pleadings. As also set forth above, RIM's argument that it does not  
 4 "ship" the representative Z10 product with a removable flash memory chip is  
 5 likewise without merit and outside the scope of the pleadings. Thus, to the extent  
 6 RIM's motion is based on an alleged failure to sufficiently plead a direct  
 7 infringement, the motion must be denied.

8 **2. RIM Had Actual And Constructive Notice Of The Patents-**  
 9 **In-Suit and Infringement.**

10 **a. e.Digital Has Sufficiently Pled Infringement By**  
 11 **Inducement.**

12 RIM argues that "e.Digital fails to plead any facts to show in its Complaint  
 13 that Blackberry had knowledge and notice of [the Patents-In-Suit]...." (RIM  
 14 Motion at p. 11:16-20.) This is incorrect. In fact, the Complaint alleges:

15 "Defendants had knowledge of infringement of the '737 patent since  
 16 at least the filing of this complaint and perhaps as early as 2010 by  
 17 virtue of the Plaintiff's filing of complaints against others within  
 18 Defendants' industry. On information and belief, Defendants have  
 19 continued to sell products that practice the '737 patent after acquiring  
 knowledge of infringement."

20 (Complaint, Dkt # 1 at ¶ 25; *see also* ¶s 25, 45 and 52<sup>5</sup>.)

21 e.Digital therefore alleged that RIM had notice of the patents by the filing of  
 22 the Complaint in this action and by virtue of the filing of the Complaints and  
 23 proceedings in the Texas and Colorado cases. e.Digital further pled that RIM  
 24 continued to sell the products even after obtaining the referenced notice, a fact

---

25  
 26 <sup>5</sup> RIM is correct that the allegations of the Complaint differ as to knowledge of the  
 27 '170 patent. (RIM Motion at p. 11:18-19.) This was an inadvertent omission that  
 28 was cured by the PICs. (*See* '170 patent PICs, RIM Exhibit 2, at pp. 10:4-12,  
 10:20-11:4.)

1 from which the intent element can be inferred. *See Broadcom Corp. v. Qualcomm*  
 2 *Inc., supra*, 543 F.3d at 699 (patentee can establish intent to induce infringement  
 3 through circumstantial evidence). Since the Court must accept all of e.Digital's  
 4 allegations as true for purposes of this Motion and e.Digital has specifically alleged  
 5 that RIM had knowledge of the patents at issue prior to and after the filing of the  
 6 lawsuit, yet continued to sell the Accused Products, judgment on the pleadings is  
 7 not warranted. Accordingly, RIM starts off with a flawed premise, namely that  
 8 e.Digital fails to plead knowledge and notice.

9 e.Digital's PICs disclose additional facts that RIM fails to address. Patent  
 10 Local Rule ("Patent L.R.") 3.1.d provides, in pertinent part, that a plaintiff must  
 11 disclose the following:

12 For each claim which is alleged to have been indirectly infringed, an  
 13 identification of any direct infringement and a description of the acts  
 14 of the alleged indirect infringer that contribute to or are inducing that  
 direct infringement.

15 Consistent with the Patent L.R. 3.1.d, the Court ordered as follows:

16 "If Plaintiff asserts indirect infringement (contributory or inducement)  
 17 by a Defendant, Plaintiff shall provide as part of the initial  
 18 infringement contentions an example of how the Defendant indirectly  
 19 infringes, including the identity of the direct infringer and factual  
 basis for the Defendant's intent."

20 (CMO at p. 4:6-9.)

21 e.Digital has complied with both the Local Rules and the CMO. In its PICs  
 22 served on RIM, e.Digital identified the direct infringers and alleged that RIM has  
 23 had knowledge of its infringement of the asserted patents since at least the filing of  
 24 the Complaint in this action and, since that time, has taken affirmative steps to  
 25 cause its customers to infringe the asserted patents. (e.Digital PICs, RIM Exhibit  
 26 2, at pp. 8:24-11:4.) Those affirmative steps taken after obtaining knowledge of its  
 27 infringement establish RIM's specific intent and include: "advising others to use  
 28 the Accused Products in an infringing manner; advertising and promoting the use

1 of the Accused Products in an infringing manner; and distributing instructions  
 2 (such as those cited in the attached charts) that guide users to use the Accused  
 3 Products in an infringing manner.” (*Id.* at pp. 10:24-11:4.) Based on the  
 4 foregoing, e.Digital has duly and sufficiently alleged that RIM has engaged in  
 5 conduct constituting inducement.

6 Relying on a District of Delaware case, RIM argues that the filing of the  
 7 complaint is insufficient to establish notice in support of a claim of inducement.  
 8 (RIM Motion at pp. 13:9-14:1.) Recent cases in this District and the Federal  
 9 Circuit suggest otherwise. *Pacing Technologies, LLC, supra*, 2013 WL 444642,  
 10 \*2, *citing EON Corp. IP Holdings, supra*, 2012 WL 4514138, at \*1 (“Though the  
 11 claims for indirect infringement both require knowledge of the patent, the Federal  
 12 Circuit has recently held that post-filing knowledge is sufficient to meet this  
 13 requirement”), which in turn cites *In re Bill of Lading Transmission and*  
 14 *Processing Sys. Patent Litig., supra*, 681 F.3d at 1345. RIM’s argument therefore  
 15 has no merit.

16 Finally, RIM argues that intent cannot be inferred if a product has substantial  
 17 noninfringing uses. (RIM Motion, p. 14:18.) RIM conclusorily, and without  
 18 citation to any admissible evidence, asserts that the Accused Products have  
 19 substantial noninfringing uses. However, this is a factual dispute that cannot be  
 20 resolved at the pleading stage. Moreover, in asserting the alleged noninfringing  
 21 uses (which is not an element of inducement and thus need not be pleaded), RIM  
 22 improperly looks at the device as a whole rather than the specific features and  
 23 methods responsible for infringement. *See Fujitsu Ltd. v. Netgear Inc.*, 620 F.3d  
 24 1321, 1330-1331 (Fed. Cir. 2010). Indeed, RIM’s motion contains no analysis of  
 25 the alleged noninfringing uses as they relate to the specific components and  
 26 functions claimed in the Patents-in-Suit. By way of example only and without  
 27 limitation, claim 2 of the ’108 patent discloses a record/playback device with two  
 28 microphones, the second one of which cancels the noise received at the first

1 microphone. ('108 patent, Exhibit D to Hedrick Decl., Claim 2.) RIM fails to  
 2 explain how this second noise-canceling microphone is capable of substantial  
 3 noninfringing uses. Claim 3 of the same patent calls out a barcode reader. (*Id.* at  
 4 Claim 3.) RIM makes no attempt to explain how this barcode reader is capable of  
 5 substantial noninfringing uses. By way of further example, claim 7 of the '170  
 6 patent discloses a method for editing messages in a handheld recording device.  
 7 ('170 patent, Claim 7.) RIM likewise does not explain how this method is capable  
 8 of noninfringing uses.

9 Based on the foregoing, e.Digital respectfully requests that RIM's motion  
 10 for judgment on the pleadings as to induced infringement be denied.

11 **b. Failure To Mark Is A Limitation On Damages, Not A**  
 12 **Pleading Requirement Or Defense To Inducement.**

13 A failure to mark limits a patentee's damages; it does not provide a defense  
 14 to patent infringement. *Motorola, Inc. v. U.S.*, 729 F.2d 765, 769–70 (Fed. Cir.  
 15 1984) (reversing summary judgment in favor of government, § 287 is not a defense  
 16 but a limitation on damages); *see also Catch a Wave, Inc. v. Sirius XM Radio, Inc.*,  
 17 2013 WL 1996134, \*3 (N.D. Cal. 2013). e.Digital therefore struggles to  
 18 understand how this issue is proper for a motion for judgment on the pleadings.

19 Nevertheless, RIM argues, without citation to any evidence, that e.Digital  
 20 has not marked its own products and that its licensees have likewise failed to do so.  
 21 (RIM Motion at pp. 12:1-13:8.) RIM relies only on the fact that the complaint  
 22 does not allege that e.Digital or its licensees mark its products with the Patents-in-  
 23 Suit. (*Id.* at p. 13:2-5.) However, RIM fails to point to any law that requires  
 24 e.Digital to plead marking as an element of indirect infringement. In any event,  
 25 e.Digital's PICs allege that it marked its own products with at least the '774 patent.  
 26 (e.Digital PICs, RIM Exhibit 2, at p. 12:8-13.)

27 In addition, e.Digital has asserted several method claims against RIM in this  
 28 matter. The notice provisions of 35 U.S.C.A. § 287 do not apply where the patent

1 is directed to a process or method. *See, e.g., Fujitsu Ltd. v. Netgear Inc., supra*,  
 2 620 F.3d 1321; *Mformation Techs., Inc. v. Research in Motion Ltd.*, 830  
 3 F.Supp.2d 815, 837 (N.D.Cal.2011); *In re Katz Interactive Call Processing Patent*  
 4 *Litigation*, 821 F.Supp.2d 1135, 1159 (C.D.Cal. 2011). RIM's arguments therefore  
 5 have no application to said method claims.

6 Based on the foregoing, to the extent RIM's motion is based on an alleged  
 7 failure to sufficiently plead a inducement of infringement, e.Digital respectfully  
 8 requests that the motion be denied.

9 **E. E.DIGITAL HAS ADEQUATELY PLED CONTRIBUTORY**  
 10 **INFRINGEMENT**

11 Contributory infringement does not contain the same "intent" element of  
 12 inducement of infringement. However, like inducement, contributory infringement  
 13 does require knowledge of the patents-in-suit. *See Cross Med. Prods., Inc., supra*,  
 14 424 F.3d at 1312 (setting forth the elements of contributory infringement). RIM's  
 15 arguments on this issue echo the arguments discussed above. To that extent,  
 16 e.Digital incorporates the above arguments as though set forth fully hereunder.

17 **F. RIM'S ARGUMENTS CONCERNING WILLFUL**  
 18 **INFRINGEMENT ARE IMPROPERLY PRESENTED**

19 In the CMO, the Court specifically indicated that RIM could not file any  
 20 motion with respect to willfulness until after claim construction. The Court  
 21 ordered, "To the extent any Defendants intend to seek dismissal for failure to state  
 22 a claim for willful infringement, they may not present the issue in a Rule 12(b)(6)  
 23 motion, but may present it in a Rule 12(c) or 56 motion *after the claim*  
 24 *construction ruling.*" (CMO (Dkt #23) at ¶ 5.) In any event, RIM's motion is  
 25 moot. In its PICs, e.Digital expressly withdrew its willfulness allegations subject  
 26 to further discovery against RIM. (e.Digital PICs, RIM Exhibit 2, at pp. 12:25-  
 27 13:4.)

28 ///

1 **V. CONCLUSION**

2 Based on the foregoing, e.Digital respectfully requests that RIM's motion  
3 for judgment on the pleadings be denied in its entirety. To the extent the Court is  
4 declined, to grant any portion of the motion, e.Digital requests leave to amend its  
5 preliminary infringement contentions to cure any defect the court may find.

6 Respectfully submitted.

7 July 19, 2013

HANDAL & ASSOCIATES

8  
9  
10 By: /s/ Gabriel G. Hedrick  
11 Anton N. Handal  
12 Gabriel G. Hedrick  
13 Pamela C. Chalk  
14 Attorneys for Plaintiff  
15 E.DIGITAL CORPORATION  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing document has been served on this date to all counsel of record, if any to date, who are deemed to have consented to electronic service via the Court's CM/ECF system per CivLR 5.4(d). Any other counsel of record will be served by electronic mail, facsimile and/or overnight delivery upon their appearance in this matter.

I declare under penalty of perjury of the laws of the United States that the foregoing is true and correct. Executed this 19th day of July, 2013 at San Diego, California.

/s/ Gabriel G. Hedrick  
Gabriel G. Hedrick